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SUBJECT: CNO ADMIRAL MULLEN'S AUGUST 22 BREAKFAST WITH SHANGHAI
ACADEMICS

CLASSIFIED BY: Kenneth Jarrett, CONSUL GENERAL, U.S. Consulate
General, Shanghai, China, Department of State.
REASON: 1.4 (b), (d)

¶1. (C) Summary. Shanghai scholars of strategic and American studies urged the United States to suspend arms sales to Taiwan through the May 2008 Presidential election in an August 22 meeting with United States Chief of Naval Operations Admiral Michael Mullen. Chen Shui-bian was described as a dangerous figure still intent on moving Taiwan to independence, and the extent of China's reaction to Chen's referendum on UN membership or other actions is not certain. China, Taiwan and the United States thus face a dangerous year ahead, and the USN and USG should work with China to prevent the Taiwan issue from becoming a crisis. The new joint efforts of the United States, Japan, Australia and India will shape China's perception of its security environment and may be seen as exclusionary and threatening. Fudan University's Center for American Studies and the U.S. Institute for Peace will launch a multi-year crisis management workshop this autumn in Shanghai, and will seek participation of academics, government officials and military officers. One scholar said Chinese television news coverage had underscored the seriousness and successfulness of the CNO's visit.

¶2. (C) Summary continued. Admiral Mullen urged work on crisis management, internally and bilaterally. Collaborative efforts with other democracies are intended as a positive development and not directed against China. Cooperative efforts on North Korea -- and Iran -- are imperative. Admiral Mullen urged that, if trust is to be built, the success of his visit should not be a one-off event never replicated in the future. He also urged establishment of a Pentagon - National Defense Ministry hotline, and having an informed and empowered interlocutor available at the Beijing end should such hotline ever be used. End summary.

13. (C) Five Shanghai scholars conversant on Taiwan, security and American issues met with Admiral Mullen at an August 22 breakfast hosted by the Consul General. (See para 13 for list of participants.) Fudan University Center for American Studies (CAS) Director Shen Dingli said China held the highest respect for the U.S. Navy and the Taiwan issue was the only issue about which there are differences. He asked whether the U.S. military could play a constructive role in riding out the turbulent times through Taiwan President Chen Shui-bian's May 20, 2008 end of term. Chen was dangerous and counting on the PRC to be constrained from dangerous reactions by domestic stability concerns even if provoked by a UN membership referendum on Taiwan. Chen's purported evaluation is not necessarily correct.

Shanghai Institute for International Studies (SIIS) Strategic Studies Department Director Xia Liping (a retired PLA Colonel) averred that Chen held two goals for his planned UN membership referendum: (a) influencing the outcomes of the presidential and Legislative Yuan elections, and (b) using the referendum results as another step forward in Chen's approach to Taiwan independence.

14. (C) Shen further suggested that the United States suspend arms sales to Taiwan until the post-Chen administration has taken office. China was opposed to arms sales to Taiwan on principle but dealt with the issue constructively. Shen recognized that such a move by the United States would be a political, not military decision, but said such a move would clearly signal to the Taiwan public that the United States would not support irresponsibility and to the Chinese public that the

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United States was working to contain a dangerous issue. Admiral Mullen replied that any change of policy would be a political decision, but the United States was not in the business of walking away from its friends. The United States understood the significance of the Taiwan issue for China. Improved crisis management capabilities and further contacts and deepened understanding were important means to address the coming 9-12 months. Neither side should be making up policy steps on the fly over the next few months. Taiwan or other press reports of proposed arms sales should not be reacted to as if the weapons were already deployed in Taiwan's military. The Admiral noted that the Taiwan domestic political repercussions of a cessation of arms sales were by no means certain.

The Security Dilemma: More Cooperation While
Preparing for the Worst

15. (C) Professor Xia noted increased bilateral economic interdependence, cooperation on non-traditional security issues such as drug trafficking, trafficking in persons and global warming, and increased cooperation on issues such as the Korean Peninsula and Taiwan. At the same time, the United States has prepared for other scenarios, even confrontation with China. In response, the PLA has also prepared for worst case scenarios. The Asia-Pacific region places great importance on the concept of major powers. Sino-American cooperation on Korean Peninsula issues has sent an important signal to the region. (The Admiral interjected that cooperation on Iran was also needed.) The United States effort to form a Japan-Australia-India-United States alliance based on shared democratic values would have a negative effect on security cooperation with China in the

Asia-Pacific region. Democracy was a universal value, and China, in accordance with its Constitution, was moving towards democracy on a step-by-step basis. Was establishment of this alliance likely? How would that alliance impact U.S.-China relations? CAS Deputy Director Wu Xinbo expressed similar concerns about the balance between cooperation and deterrence and that the Japan-Australia-India-United States security coalition would have a major impact on shaping China's perception of its security environment. Wu urged more mil-mil cooperation with China. SIIS Department for American Studies Director Chen Dongxiao said the coalition could polarize rather than stabilize the Asia-Pacific region and make security architecture building more exclusionary than inclusionary.

16. (C) Admiral Mullen said that globalization has moved nearly all nations closer together. Militaries must prepare for worst situations. Having or developing a high-end Navy did not mean that nations must have confrontations. The goal of the "thousand-ship Navy" was to protect the global maritime trade from which China, the United States and so many other countries derived tremendous economic benefits. The cooperation between the four countries should be seen as a positive relationship and not directed against China. The Admiral took note of China's great concerns about Chen Shui-bian and Taiwan and recalled Chinese officials' unhesitating comments in Beijing earlier during his visit that China would choose necessary action on Taiwan over a successful Olympics. The Admiral reiterated the need for cooperative efforts among many nations, including China, to solve difficult issues such as North Korea and Iran.

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17. (C) Admiral Mullen explained that increased mil-mil cooperation with China actually started under the leadership of Defense Secretary Rumsfeld and PACOM Admiral Fallon, and their successors continued that emphasis to this day. The most recent Quadrennial Review clearly showed a shift in emphasis to the Asia-Pacific region. One of the reasons the Admiral had traveled to China was to hear and better understand China's concerns. The United States sought positive outcomes and did not seek to increase suspicions.

Crisis Management Preparations and More Pressure on CSB

18. (C) SIIS Department for American Studies Director Chen Dongxiao cautioned that Chen Shui-bian was trying to mobilize domestic pressures in Taiwan by deliberately defying pressure from the United States. China had not yet defined what steps to take against Taiwan movements towards independence, and had not yet defined the referendum on UN membership as a step towards independence. However, Chinese officials had already described the planned referendum as a grave threat. That left little room for maneuver for China and made crisis management that much more important. China, the United States and others should prepare for crisis management, and should put more pressure on Chen Shui-bian so that he sees the costs of his actions as too high for him and his people.

19. (C) Admiral Mullen urged creation of fora to discuss concerns such as these and to address crisis management capabilities and preparations. Since the end of the Cold War, deterrence had disappeared. Nuclear weapons proliferation could

occur in locations that could hurt the United States, China and many other nations. Crisis management preparations were needed to create off-ramps and avoid escalations of differences to confrontations. The United States and China should engage to deliberately recognize where we are and what may be next. Many challenges confronted the bilateral relationship, such as espionage, information security and space policy. His visit was intended in part to develop trust but trust would not be accomplished overnight.

¶10. (C) CAS Deputy Director Wu Xinbo, less than one month back from a year at the U.S. Institute for Peace (USIP), explained that he had tried to identify potential bilateral crises and how they could be managed. Different crises would need different approaches and different solutions. He had found no systemic studies of future bilateral crises. CAS and USIP will launch a multi-year project, beginning with a preparatory session in Shanghai this autumn, on crisis management. CAS and USIP will each be responsible to obtain the participation of academics, government officials and military officers, matching the participation of the other side. Admiral Mullen expressed interest in learning more and said he would discuss the project with USIP's Ambassador Solomon.

Successful Visit Should Not be a One-Off Occurrence

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¶11. (C) Jiaotong University Center for National Strategy Studies Vice Director Zhuang Jianzhong noted that Chinese prime time television news coverage on August 21 (CCTV channel 9) had demonstrated the seriousness and successfulness of the Admiral's visit by broadcasting news about the Admiral first, ahead of news of Communist Party and national leaders' activities. Zhuang asked for further views of promotion of mil-mil relations.

¶12. (C) Admiral Mullen outlined the steps he had taken to make PLA (Navy) Commander Admiral Wu Shengli's recent stateside visit successful and the unprecedented access he in turn had enjoyed on this trip, after having postponed his arrival in China until knowing that he had a substantive schedule. The success of this visit should not be a one-off event, but rather one to be matched or exceeded in the future. Other needed improvements to mil-mil relations included changing the programs for visiting National War Colleges and Industrial College of the Armed Forces delegations, who should not be sent to the same aged destroyer year after year. The Chinese military should extend greater transparency to cover those sorts of visitors. Transparency and reciprocity needs to be kept up. More young PLA officers should study in the United States. PLA Navy officers should be at the Naval War College in Newport, even if Taiwan Navy officers are there. If China wanted to be able to de-escalate cross-Strait crises, it made sense for officers to have studied together. Mil-mil hotlines should be established and someone at the Chinese end should be able to pick up the phone and talk. China's January anti-satellite test had been of great concern to the United States and the PACOM Commander's calls to China had gone unanswered. Mil-mil hotlines would enhance mil-mil relations, trust and crisis management only if someone could pick up the phone and could talk.

¶13. (U) This report has been cleared by Admiral Mullen's

delegation.

(U) U.S. Participants

Admiral Michael Mullen, Chief of Naval Operations

Kenneth Jarrett, Consul General, Shanghai

Donald Camp, Political Advisor to the Chief of Naval Operations

Captain Bill Moran, Executive Assistant to the Chief of Naval Operations

Captain Thomas Mangold, Naval Attache, Embassy Beijing

Christopher Beede, Political/Economic Section Chief, U.S. Consulate General, Shanghai

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(U) Chinese Participants

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Professor WU Xinbo, Deputy Director, Center for American Studies, Fudan University

Senior Fellow CHEN Dongxiao, Director, Department for American Studies, Shanghai Institute for International Studies

Professor XIA Liping, Director, Department of Strategic Studies, Shanghai Institute for International Studies
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